



FINANCIAL ANALYSIS OF THE OILFIELD SERVICE COMPANY JSC MAKHSUSENERGOGAS

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ABSTRACT

This article comprehensively examines the financial condition of Makhsusenergogas JSC and provides an assessment of its activities. The analysis procedures carried out will serve the company in preventing risks and in confidently expanding its activities. The conducted analysis is distinguished by the fact that the field of activity of this industry is different from others and has its own characteristics, since the main activity of the oilfield service company JSC Makhsusenergogas is construction and installation work, laying of gas pipelines, installation and dismantling of equipment used in the work of oil and energy companies.

KEYWORDS: Financial condition, balance sheet currency analysis, profitability, liquidity, construction and installation work.

INTRODUCTION

Currently, in our country, as well as all over the world, there is a need to conduct a comprehensive analysis of enterprises in order to determine their financial condition and assess it. Thus, Resolution of the Cabinet of Ministers of the Republic of Uzbekistan, dated July 28, 2015, No. 207 "On the introduction of criteria for evaluating the effectiveness of joint-stock companies and other economic entities with State ownership" and Resolution of the Cabinet of Ministers of the Republic of Uzbekistan, dated December 14, 2018, No. 1013 "On measures to radically improve the system of financial rehabilitation of enterprises with state participation" serve as a kind of tools for execution of these actions. Having determined their financial condition, organizations can be confident in their future and correct all the shortcomings of the past. The analysis of the financial condition of an enterprise plays a critical role in a comprehensive assessment of its economic stability and investment attractiveness. The purpose of this analysis is to identify dynamic trends in the economic development of an enterprise in the retrospective period, to diagnose in detail its current financial and economic situation, to make scientifically sound forecasts of the vectors of further strategic development, as well as to quantify and qualitatively assess the level of financial and operational risks affecting its functioning in conditions of market uncertainty.

Determining the financial condition of an enterprise at a specific reporting date is a comprehensive assessment of its property and financial situation based on the principles of a systematic and integrated approach. This analysis makes it possible to identify the structure and dynamics of assets and liabilities, the level of liquidity and solvency, the degree of financial stability, as well as the effectiveness of the company's resource management. The research results serve as the basis for the development of strategic management decisions aimed at ensuring long-term economic stability and sustainable development in a changing macroeconomic environment.:

- how well the company managed its financial resources during the period preceding this date;
- how it used the property;
- What is the structure of this property;
- how efficiently did the company combine its own and borrowed sources;
- how effectively did it use its own capital;
- What is the payoff?

The main types of analytical research of financial reporting data are: analysis based on a single database (vertical analysis), which is a structural study of the financial performance of an enterprise in order to determine the proportional ratio of reporting elements. Within the framework of this approach, the balance sheet items are transformed into relative indicators in relation to the total amount of assets, which makes it possible to identify the specific weight of each element in the formation of the property potential of the enterprise. Similarly, the items in the financial results report are expressed as a percentage of total income, which provides a comprehensive assessment of the profit structure and profitability of business activities. Such an analysis helps to identify key financial imbalances, form the basis for comparative analysis and make informed management decisions.

A REVIEW OF THE LITERATURE ON THE TOPIC

In the context of modern economic realities, business entities are interested in moderate and sustainable activities that can be ensured by an effective capital management system, which will help maximize profits and increase their own well-being. An integral component of the continuity of business and the stability of the functioning of enterprises is the systematic work on the analysis and assessment of the financial condition, reflecting their ability to effectively use resources in a rapidly changing external environment. The content, the conceptual framework of the financial condition and the assessment of the factors affecting it are important theoretical foundations for the development of a methodology for analyzing the financial condition of business entities. A significant contribution to the development of relevant theoretical provisions was made by domestic and foreign scientists and practitioners: Khan N.A., Ibragimov A., Abduganiev A.A., Khasanov B.A., Abdukarimov I.T., Pardaev M.K., O.I. Averina, M.I. Bakanov, V.I. Barilenko, S.B. Barngolts, L.A. Bernstein, Y.B. Brigham, L.T. Gilyarovskaya, D.A. Endovitsky, O.V. Efimova, V.G. Kogdenko, V.V. Kovalev, N.P. Lyubushin, M.V. Melnik, E.V. Nikiforova, J. Richard, O.V. Rozhnova, G.V. Savitskaya and others. Many authors reveal various aspects of the financial condition. However, the essential characteristics of the financial condition have not yet been determined; its conceptual framework, which allows to adequately disclose the content of the financial condition in relation to the practice of domestic enterprises, has not yet been formed; and the idea of the factors determining the level of financial stability needs to be clarified.

Modern methods of analyzing and evaluating the effectiveness of oilfield service industry enterprises cover a wide range of approaches and theoretical foundations developed by both foreign and domestic scientists. The classical works of Smith and J. Schumpeter, which laid the theoretical foundation for the study of economic processes, play a key role in shaping the foundations of efficiency analysis. The concepts of M. Mescon, M. Albert and F. Hedowri in the field of financial management emphasize the importance of a strategic approach to the management of industrial enterprises and their resources.

The contribution of Uzbek scientists such as S.S. Gulyamov, M.A. Ikramov, T.Z. Teshabaev and others to the study of the specifics of the development of national industry and the adaptation of modern methods of efficiency assessment in the context of the national economy is important and significant. Their work contributes to an in-depth understanding of the processes of economic growth and transformation of industry structures, as well as the formation of scientific foundations for optimizing the management of production and financial resources. Their research has enriched the theoretical and methodological basis for the development of effective tools for assessing the financial and economic stability of enterprises, which contributes to increasing competitiveness and innovation activity in the national industry. Thus, modern scientific literature on the analysis and evaluation of the effectiveness of oilfield services industry enterprises demonstrates a multidimensional approach that integrates theoretical concepts with practical recommendations, which contributes to a deeper understanding of the specifics of the functioning of this sector. The review and systematization of the works of various authors make it possible not only to deepen the understanding of the mechanisms of analysis and evaluation of effectiveness, but also to form a comprehensive toolkit for their application in a rapidly changing economic environment. This integrated approach contributes to the development of more accurate and reasonable assessment methods, and also allows taking into account the specific features of the oilfield services industry, which is a prerequisite for making informed management decisions and improving the financial performance of enterprises.

RESEARCH METHODOLOGY

The methodological basis of the research is the works of domestic and foreign scientists who study in detail the theoretical and practical aspects of modern methods for assessing the effectiveness of oilfield services industry enterprises, as well as the issues of studying and analyzing their financial condition in a dynamically changing market environment. In the course of the analysis, not only legislative acts and regulatory documents were used, but also materials from scientific and practical conferences devoted to this topic, which ensured the versatility of the approach and the relevance of the research. The research was based on a systematic approach that involves a comprehensive analysis of interacting elements, and in order to achieve the goals and obtain objective results, methods of traditional, economic, mathematical, logical, comparative and statistical analysis were used, which allowed for a deeper understanding of the patterns of functioning of enterprises and the development of scientifically sound recommendations.

ANALYSIS AND RESULTS

To conduct a comprehensive financial analysis of an enterprise, the authors of the study decided to use a condensed analytical balance sheet, which is a modified form of the balance sheet, providing an increase in the degree of analytical informativeness. In the practice of financial analysis, various methodological approaches are used to study the structure and dynamics of the balance sheet, among which the following can be distinguished:

A direct analysis of the balance sheet, carried out without prior transformation and changes in the structure of balance sheet items, allows you to get a general idea of the financial position of the enterprise.

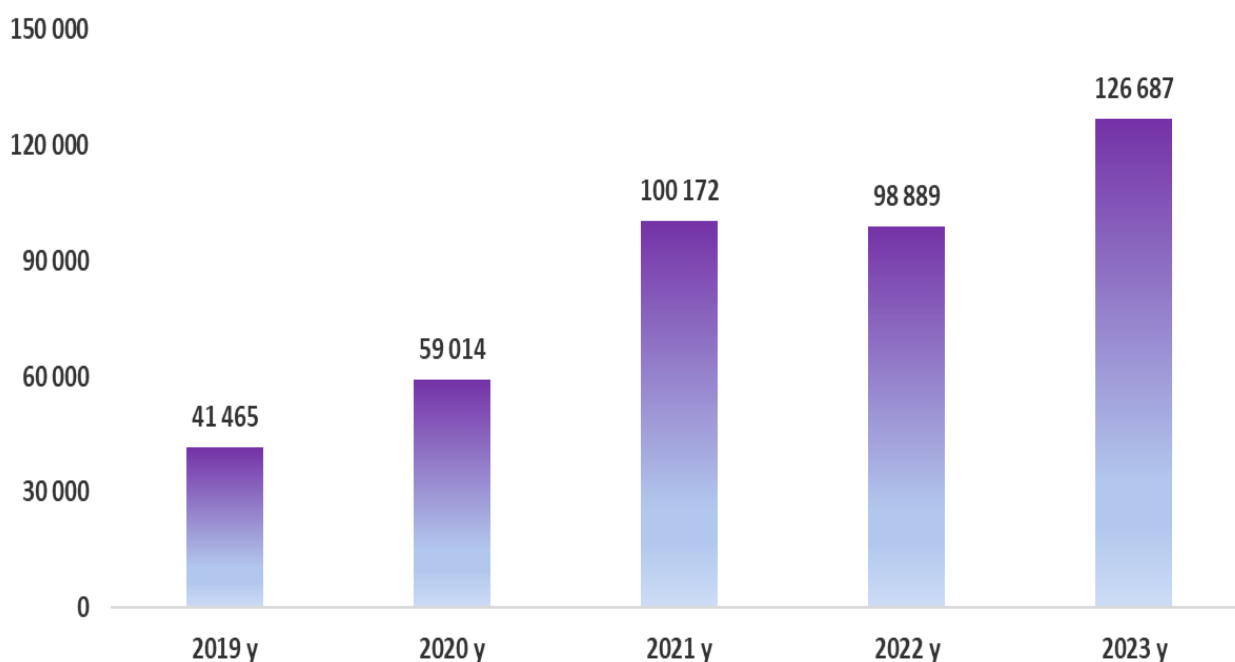
The formation of a condensed analytical balance sheet, which provides for the aggregation of elements of balance sheet items that are homogeneous in economic content in order to increase the convenience and accuracy of interpretation of the data obtained.

Clearing the balance sheet of regulatory items, including adjusting indicators by eliminating regulatory values and then aggregating data in the necessary analytical sections for in-depth research.

Thus, the tables below reflect one of the possible options for forming a condensed analytical balance sheet-net, in which individual items are aggregated in order to ensure greater clarity and consistency in financial analysis.

Dynamics of the balance sheet currency of MakhSusenergogas JSC, million soums

Diagram 1



During the analyzed period, there has been an increase in the balance sheet currency of MakhSusenergogas JSC. At the end of 2023, the balance sheet currency increased by about 28% relative to the end of 2022, and amounted to 126,687 million soums.

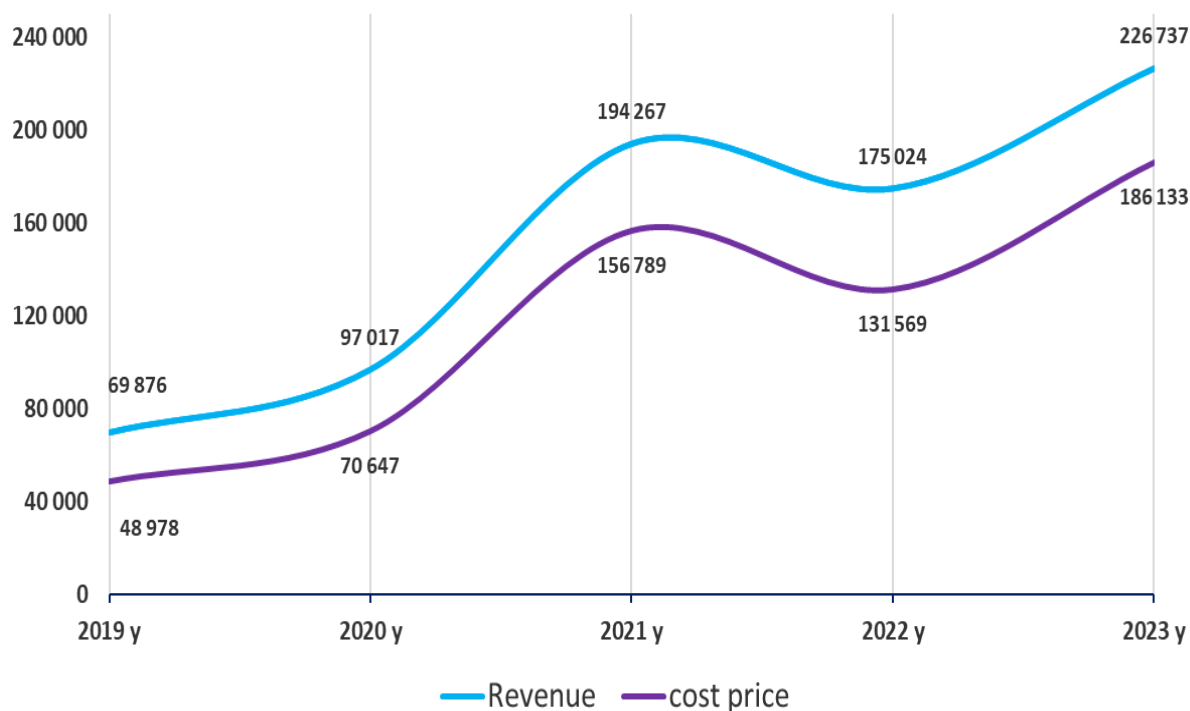
The company's net revenue for 2023 amounted to 226,737 million soums, and increased by 51,713 thousand soums, or 30 percent, compared to 2022.

In the structure of the total income received from the implementation of all types of activities of the Enterprise, the largest share was accounted for by income from the main type of activity.

Net revenue and cost of MakhSusenergogas JSC, million soums

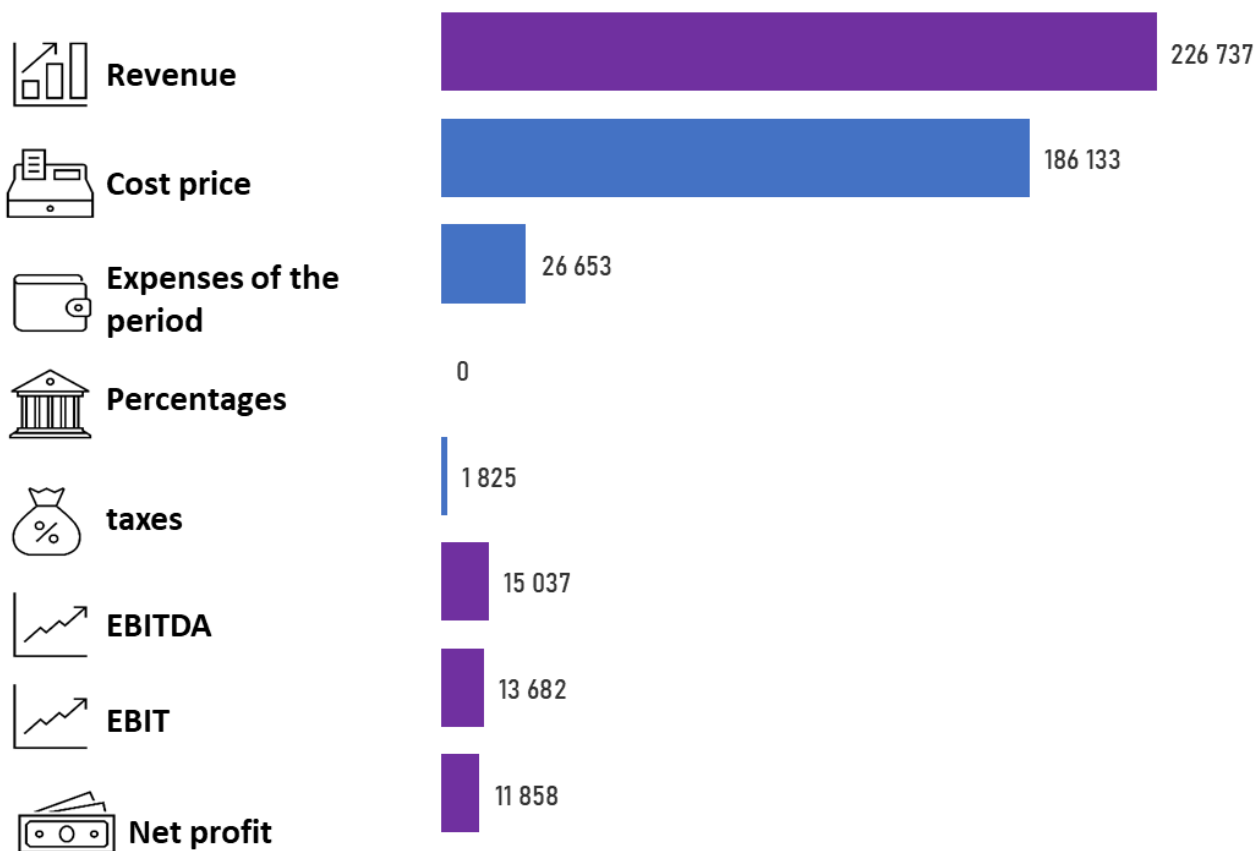
Diagram 2





Financial results for 2023 of Makhsusenergogas JSC, million soums

Diagram 3



The value of all assets on the company's balance sheet by the end of 2023 amounted to 126,686,522 thousand soums.

The company's long-term assets in the balance sheet currency at the end of 2023 amounted to 13,548,865 thousand soums (10.6% of total assets). Current assets amounted to 113,137,657 thousand soums (89.4% of total assets). Thus, the main part of the property structure for the entire analyzed period was occupied by current assets. Fixed assets, including equipment, are owned by the company.

CONCLUSIONS AND SUGGESTIONS

An analysis of the current financial condition of Makhsusenergogas JSC revealed the absence of long-term debt (over 12 months), which can be interpreted as a positive trend indicating the stability of the financial structure of the enterprise. The absence of long-term debt obligations reduces dependence on external debt sources and reduces the financial burden associated with debt servicing. It also indicates a high degree of financial independence and the company's ability to independently meet its operational needs, minimizing the risks associated with possible fluctuations in market conditions and changes in lending conditions. Thus, this fact indicates financial stability and a strategic focus on long-term independence.

The increase in short-term accounts receivable (from 27,692,952 thousand soums to 58,646,481 thousand soums) shows a stable structure of liabilities and satisfactory work carried out by the company with consumers of its products.

During the reporting year 2023, the company saw a significant increase in cash (from 42,394,280 thousand soums to 52,287,441 thousand soums) – the company's funds with absolute liquidity, which indicates the positive dynamics of the company's financial position. The growth of funds is a positive trend, and at the same time, in order to increase the efficiency of the enterprise, it is necessary to invest temporarily available funds along with borrowed funds in expanding production, developing new products, and advertising the enterprise, which is also pursued by this project.

At the end of 2023, there was an increase in the balance sheet currency, which characterizes an increase in the activity of the enterprise in the market.

The analysis of the balance sheet of Makhsusenergogas JSC showed a positive trend in its work, which is confirmed by the data from form No. 2 "Profit and Loss Statement".

Net revenue for 2023 increased by 51,713,198 thousand soums (from 175,023,826 thousand soums to 226,737,024 thousand soums). There was an increase in cost by 54,563,759 thousand soums (from 131,569,410 thousand soums to 186,133,169 thousand soums). The cost of production increases at a faster pace at the enterprise. Thus, with a 30 percent increase in net revenue, the cost increased by 41 percent, therefore, in the future, Makhsusenergogas JSC needs to pay increased attention to cost reduction measures (choosing cheaper suppliers, reducing transportation costs, optimizing forms of remuneration).

Thus, it can be concluded that the company has significant potential to improve its solvency, increase the liquidity of assets and strengthen financial stability, provided that a rational and strategically sound approach to financial resource management is applied. Effective asset management, including optimizing working capital and diversifying financing sources, can be the basis for increasing operational flexibility and minimizing financial risks. The implementation of targeted financial strategies will increase the internal efficiency of the

enterprise and improve its position in the market, creating a solid foundation for further growth and long-term development.

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